



## **Advancing Youth Enrollment Act: Improving Coverage Affordability for Young Adults and Promoting Market Stability**

### **Problem Definition**

Over the last eight years, the Affordable Care Act (ACA) has led to historic coverage gains among young adults due to increased affordability, a diversity of options in the marketplace, and state Medicaid expansions. In 2010, the young adult uninsurance rate was 29 percent -- the highest of any age group. Today, that rate has dropped by half, to 14.1 percent.

But there remains work to be done. Despite progress made under the ACA, the uninsurance rate among young adults remains higher than any other age demographic, and 10.4 million 18-34 year olds still lack affordable, comprehensive insurance.

For today's young people, every dollar counts. A typical uninsured young adult makes just [\\$20,000 a year](#), while the typical young person shopping on the individual market makes about [\\$26,000 a year](#). Finding an average of \$80 per month for health insurance is hard for today's young people, who are constantly being asked to do more with less, even as they acknowledge how important health coverage is to their overall well-being. We need a solution that brings out-of-pocket costs down for young people while maintaining the quality and services that they need, and that protects those with chronic and pre-existing conditions.

### **The AYE Act**

Introduced in the Senate by Senator Tammy Baldwin and in the House of Representatives by Congressman Donald McEachin, the Advancing Youth Enrollment Act (AYE) is that solution. The AYE Act would enhance tax credits for people ages 18-34, bringing costs down for the average young marketplace shopper in an effort to close the affordability gap, get more young people covered, and support broader market stabilization efforts.

The AYE Act would reduce the maximum percent of income that young people would have to pay toward premiums by 2.5% up to age 30, followed by a .5% less reduction each year for ages 31-34. This change would make coverage more affordable for young people, by:

- Increasing premium tax credits for the young adult population.
- Tying tax credit increases to local insurance market premiums to ensure that financial assistance reflects the true cost of coverage in their area.
- Allowing young people to afford plans that meet their health care needs, rather than pushing them into "catastrophic" or junk insurance plans that don't cover essential benefits that young people use most often or protections for pre-existing conditions.
- Improving the individual market's risk pool, leading to greater market stabilization and bringing overall costs down.

Proposals similar to the AYE Act have been estimated to cost far less than other efforts to spur young adult enrollment. In fact, analysis by the Commonwealth Fund found that similar youth tax credit proposals are actually the [most cost-effective](#) policy option to expand coverage, on a per-enrollee basis.

### **Anticipated Impact**

- Over 9 million young adults would benefit from higher subsidies and lower premiums as a result of the AYE Act, including 5.7 million currently uninsured young adults.
- 3.5 million young adults who currently purchase their health insurance on the individual market could see higher subsidies and lower out of pocket costs if the AYE Act were enacted.
- Thirty-seven states and the District of Columbia would see more than ten percent of their young adults benefit from greater financial assistance to purchase health coverage.
- The typical uninsured young adult<sup>1</sup> would see their cost for a silver plan drop by **\$500 a year**. This would bring the typical uninsured young person's cost for a silver plan down from about \$80 a month to \$38 a month.
- The typical young person enrolled through the marketplace would see their cost for a silver plan go down by about \$54 a month, or about **\$645 a year**. They'd pay \$95 a month for a silver plan instead of about \$150 a month.
- Coverage would be more affordable for young families as a result of increased tax credits for both young adults and children enrolled on a family plan who are ineligible for Medicaid or CHIP.

### **State-by-State Impact Analysis of the AYE Act**

<b>State</b>	<b>Total Young Adult Population (18-34)</b>	<b>Number of Young Adults Who Would Benefit from AYE Act</b>	<b>Proportion of State's Young Adults Who Stand to Benefit</b>
Alabama	1,021,000	157,000	15%
Alaska	190,000	24,000	13%
Arizona	1,504,000	185,000	12%
Arkansas	628,000	79,000	13%
California	9,210,000	965,000	10%
Colorado	1,296,000	149,000	11%
Connecticut	740,000	56,000	8%
Delaware	199,000	18,000	9%
District of Columbia	224,000	13,000	6%
Florida	4,161,000	901,000	22%

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<sup>1</sup> Typical young adult defined as: 27 years old, \$26,000 income for insured, \$20,000 for uninsured

Georgia	2,264,000	419,000	19%
Hawaii	317,000	15,000	5%
Idaho	354,000	67,000	19%
Illinois	2,804,000	275,000	10%

Indiana	1,422,000	156,000	11%
Iowa	669,000	52,000	8%
Kansas	638,000	93,000	15%
Kentucky	926,000	80,000	9%
Louisiana	1,047,000	129,000	12%
Maine	247,000	29,000	12%
Maryland	1,295,000	124,000	10%
Massachusetts	1,547,000	89,000	6%
Michigan	2,084,000	191,000	9%
Minnesota	1,172,000	96,000	8%
Mississippi	632,000	109,000	17%
Missouri	1,282,000	202,000	16%
Montana	214,000	29,000	14%
Nebraska	418,000	67,000	16%
Nevada	639,000	87,000	14%

New Hampshire	266,000	30,000	11%
New Jersey	1,822,000	194,000	11%
New Mexico	451,000	49,000	11%
New York	4,524,000	418,000	9%
North Carolina	2,133,000	367,000	17%
North Dakota	190,000	20,000	11%
Ohio	2,424,000	209,000	9%
Oklahoma	865,000	163,000	19%
Oregon	889,000	87,000	10%
Pennsylvania	2,681,000	270,000	10%
Rhode Island	242,000	23,000	10%
South Carolina	1,048,000	160,000	15%
South Dakota	190,000	28,000	15%
Tennessee	1,411,000	212,000	15%
Texas	6,440,000	1,363,000	21%
Utah	741,000	104,000	14%
Vermont	129,000	11,000	9%
Virginia	1,852,000	223,000	12%
Washington	1,639,000	154,000	9%

West Virginia	355,000	28,000	8%
Wisconsin	1,214,000	122,000	10%
Wyoming	125,000	22,000	18%
Total	70,778,000	9,114,000	13%
Source: Young Invincibles' analysis of 2016 American Community Survey			

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